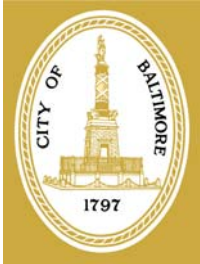

CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



DEPARTMENT OF AUDITS

YOVONDA D. BROOKS, CPA
City Auditor

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March 20, 2002

Honorable Joan M. Pratt, Comptroller
And Other Members of the
Board of Estimates
City of Baltimore

We previously conducted an audit of the procedures for payroll, inventory and procurement of the Department of Public Works – Bureau of Solid Waste (Bureau). The objective of our audit was to determine whether adequate policies and procedures were in place for these systems and to recommend improvements where needed. The results of our audit were presented in our audit report dated July 30, 2001 on the Bureau of Solid Waste of the Baltimore City Department of Public Works - Procedures for Payroll, Inventory, and Procurement.

On January 23, 2002, the Bureau responded to the Department of Audits' request dated January 14, 2002 for a progress report on the implementation of the recommendations contained in our audit report. The Bureau stated that it addressed each finding and implemented procedures to comply with our recommendations.

The purpose of our follow-up review was to determine whether the Bureau adequately addressed the audit finding issues and related recommendations in our audit report. Our follow-up review disclosed that the Bureau made progress in addressing our outstanding audit report issues. Of the five findings identified in our report, three have been resolved. The Bureau is working toward resolution of the remaining two findings.

This report includes a restatement of the audit findings and recommendations contained in our audit report and the results of our follow-up review. The Department of Public Works' response to our follow-up review is also included in this report.

Respectfully submitted,

Yovonda D. Brooks, CPA
City Auditor

Follow-up Results

Finding #1

Payroll Attendance Reports were not consistently prepared directly from individual employee time records.

We recommended that the Bureau ensure that the Payroll Attendance Reports are properly and accurately supported by time records. We also recommended that compliance with the new sign-in procedures be enforced for all divisions of the Bureau, and that copies of supporting documentation should be maintained in accordance with the City's record retention requirements.

The Bureau stated that payroll attendance records are properly supported by time records that include documentation of hours worked and employee signatures on a daily basis. Sign-in procedures are enforced for all divisions.

Follow-up Results

The Bureau has instituted sign-in procedures for all divisions. The six payroll locations tested had adequately supported payroll attendance records, except for one location that did not comply with daily sign-in procedures and documentation of hours worked.

Finding #2

Employee leave and overtime hours recorded in the Payroll Attendance Reports were not adequately supported and properly authorized.

We recommended that the Bureau require all employees to submit leave request forms and overtime request forms for supervisor approval when using leave or working overtime.

The Bureau stated that employees are required to submit leave and overtime requests for supervisor approval and that copies of approved leave and overtime are maintained in the Bureau's Central Office.

Follow-up Results

The Bureau has significantly improved its compliance with the maintenance of approved leave and overtime forms. We tested six locations and found that employees at five of the six locations obtained proper authorizations for leave and overtime requests. The sixth location had instances where employees' leave and overtime requests were not timely authorized or the approved requests were not retained in the payroll records.

Finding #3

The Bureau did not maintain inventory records for the items stocked in its warehouse.

We recommended that the Bureau establish procedures to count and value the items stored in the warehouse and establish perpetual inventory records.

The Bureau stated that it had counted and valued all warehouse items and established perpetual inventory records at the Franklinton Road Facility.

Follow-up Results

The Bureau has adequately addressed this audit finding. The Bureau has established perpetual inventory records for warehouse items at the Franklinton Facility with adequate safeguards in place to prevent unauthorized access.

Finding #4

Copies of approved warehouse requisitions were not retained by management and used to verify that only authorized items were charged to the Bureau.

We recommended that the Bureau's fiscal officer retain copies of the warehouse requisitions before returning them to the Pratt Street warehouse (since relocated to the Franklinton Road facility). We also recommended that the fiscal officer compare items included in approved requisitions to the actual items charged to the Bureau in the City's accounting records and investigate any discrepancies.

The Bureau stated that goods and services are procured with management's authorization, payments are properly calculated and supported and purchases are made in accordance with the City's policies and procedures.

Follow-up Results

The Bureau has adequately addressed this audit finding. The Bureau's fiscal officer retains copies of approved warehouse requisitions and compares them to reports of the actual items charged to the Bureau in the City's accounting records. The Bureau investigates any discrepancies.

Finding #5

The City did not verify the accuracy of the quantity of waste disposed at the Baltimore Refuse Energy Systems Company (BRESKO).


We recommended that either the Bureau of Solid Waste or the Bureau of Accounting and Payroll Services verify the quantity of waste disposed by periodically tracing a sample of weight tickets provided to the drivers to the quantity billed by BRESKO.

The Bureau stated that it confirms the submitted monthly tonnage numbers received from BRESCO before payment is made.

Follow-up Results

The Bureau has adequately addressed this audit finding. The Bureau receives copies of drivers' weigh tickets and compares them to daily tonnage reports received from BRESCO. Daily tonnage amounts are then scheduled by the Bureau and totaled for each month. When the monthly bill is received from BRESCO, the Bureau compares BRESCO's tonnage total to the scheduled total. Any discrepancies are investigated before payment is made.

**THE DEPARTMENT OF PUBLIC WORKS' RESPONSE
TO THE
AUDIT FOLLOW-UP
OF THE
BUREAU OF SOLID WASTE**

FROM	NAME & TITLE	George L. Winfield, Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Municipal Building		
	SUBJECT	FOLLOW-UP ON THE JULY 2001 BUREAU OF SOLID WASTE PERFORMANCE AUDIT REPORT		

TO

DATE:

January 23, 2002

Ms. Yovonda Brooks
City Auditor
Baltimore City Department of Audits
City Hall, Room 321

The purpose of this correspondence is to provide a response to your memorandum of January 14, 2002 requesting confirmation of the recommendations by the Department of Audits as a result of the audit performed on the Bureau of Solid Waste.

The Department will target the areas of concerns and specify progress as was identified in our correspondence of July 23, 2001 and requested in your January 14, 2002 memorandum.

Concern No. 1:

- The Departments of Public Works and Audits were concerned that payroll attendance records were not consistently prepared directly from employee time records and the employee leave and overtime hours recorded in the payroll attendance were not adequately supported and properly authorized.
 - The Department of Public Works' Bureau of Solid Waste ensures that time records have properly and accurately supported payroll attendance records. Sign-in procedures are enforced for all divisions. Signatures and hours worked are obtained from employees while documentation is maintained. Solid Waste requires employees to submit leave requests to superiors for approval and the request accompanies the attendance documentation to the Bureau's Central Office.

Concern No. 2:

- The Departments of Public Works and Audits were concerned that the Bureau did not maintain inventory records for the items stocked in its warehouse.
 - The Bureau established a procedure in October 2001 to count and value all items stored in the warehouse and establish inventory records. Previously, the warehouse was located at the Bureau's Pratt Street Facility. In August, the Bureau began vacating the Pratt Street Facility due to the Flag House Project being pursued by the Department of Housing and Community Development. The Bureau reestablished its inventory at the Franklinton Road Facility where the items maintained in inventory are accounted for and properly safeguarded.

Concern No. 3:

- ❑ The Departments of Public Works and Audits were concerned that copies of approved warehouse requisitions were not retained by management and used to verify that only authorized items were charged to the Bureau.
 - Since July 2001, goods and services are procured with management's authorization, payments are properly calculated and supported and purchases are made in accordance with the City's policies and procedures.

Concern No. 4:

- ❑ The Departments of Public Works and Audits were concerned that the City did not verify the accuracy of the quantity of waste disposal at BRESKO.
 - In August 2001, the Bureaus of Solid Waste and Accounting Operations met to rectify this matter. Since the Bureau of Accounting Operations submits monthly tonnage reports from BRESKO to the Bureau of Solid Waste, along with an unsigned copy of the Direct Payment Order, the Bureau of Solid Waste confirms the submitted numbers before payment is made.

GEORGE L. WINFIELD
DIRECTOR

GLW:sjc

cc: Mr. Joseph Kolodziejewski
File: bsw/msw/AUDIT RPT -Y.BROOKS glw